Company Registration No. 961989

Glencore Agriculture UK Limited

(formerly Glencore Grain UK Limited)

Report and Financial Statements

31 December 2016

Glencore Agriculture UK Limited

Report and financial statements 2016

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Officers and professional advisers

Report and financial statements 2016

Directors

C J Mahoney
E C B Mostert
J D Maw

Secretary

S P Pujara

Registered Office

Warren House
Bell Lane
Thame
Oxon OX9 3AL

Independent Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 December 2016.

Principal activity

The principal activity of the Company is that of grain merchanting and trading. This activity was continued throughout the year. The Company's subsidiaries have not traded during the year.

Objective

The Company's objective is to meet and whenever possible exceed the expectations of its customers and suppliers, and to optimise returns for shareholders.

Strategy, business model and investment policy

The Company's strategy is to source commodities from growers and other suppliers and ensure their timely delivery to its customers.

The Company's business model aims to establish long lasting trading relations with both its suppliers and customers, and, through the expertise of its experienced and highly skilled staff, to identify market opportunities that will realise benefits to those suppliers and customers.

The Company invests where necessary to allow it to enhance its business performance.

Business review

Following a business review carried out during the latter half of 2015, senior management began to implement some of those plans during 2016.

The increase in turnover, with lower commodity prices during the majority of 2016, was driven by the 21% increase in sales volume. This was due to the strengthening of our farm origination team, the opening of a new export facility in Sheerness and further usage of existing UK export facilities. Our 900,000 MT of exports performed in calendar year 2016 were highlighted by the biggest Feed Wheat shipment (70,000 MT) to be exported from the UK by Glencore Agriculture UK Limited (GAUK) via the port of Immingham in July 2016.

UK stocks and availability were burdensome during most of 2016 following the above average carry in stocks and a 15/16 harvest of 15.4m MT Wheat crop and a 7.8m MT Barley crop. The subsequent 2016 harvest was disappointing for both Wheat and Rapeseed production which eventually led to an increase in imports during the 16/17 season for both commodities.

The sharp devaluation of GBP following the Brexit enabled UK exports to get off to a brisk start following harvest, combined with the French crop being 25% lower and of poor quality. UK wheat exports, especially to North Africa, quickly accounted for the relatively small exportable surplus of 1.0m MT. UK values therefore appreciated rapidly towards the end of 2016 to close off further export demand. Our Grains business performed well during the latter half of the year whilst Oilseeds struggled with the reduced availability and difficult conditions.

In September 2016, GAUK reached an agreement with PD Ports to utilise their deep water facility for the import/export of bulk agricultural products as part of the diversification strategy mentioned in our 2015 Strategic Report. During October of the same year, GAUK signed an exclusive marketing agreement with Mercury Commodities Ltd to assist in the sale of the Glencore Group's Soya products to the Animal Feed producer in the UK. The first PANAMAX vessel carrying soyabean meal arrived in Teesport in November 2016 and marked a significant change in the UK business of GAUK. Our aim is to continue the development of the Animal Feed product business especially where it complements the activities within the Glencore Agriculture Group.

On 1 December 2016, the Company changed its name to Glencore Agriculture UK Limited following the change in the ownership structure of the worldwide Glencore Agricultural Business. Early in 2017 GAUK reached an agreement to acquire the assets and staff of Mercury Commodities located in Portland, Dorset. This will provide access to one of the key animal feed demand regions in the UK and will complement the growing feed business in the North East of England via the Teesport terminal.

Strategic report (continued)

I would like to thank the staff of GAUK for their dedication and commitment to the business during 2016 and making it a successful one whilst embracing the various changes to our business. We will continue to focus on improving the service to our customers in the various supply chains and look to further enhance our IT systems. Our Grainman on-line trading website has been a leader in the UK Agricultural business from an IT perspective and will receive further development in the coming months to ensure it provides a successful platform to grow our business and ensure we can communicate effectively and efficiently with our customers.

2017 will be a challenging year but we are optimistic that the business is heading in the right direction and able to take advantage of further opportunities as they arise.

Results and dividends

The results for the Company are set out in the Statement of Comprehensive Income on page 9.

The total profit for the year after taxation was £30,210k (2015: loss £319k). This includes a one-off dividend received from a subsidiary, details of which are given in Notes 10 & 12.

An interim dividend of £30,394k was declared and paid on 30 June 2016 (2015: £5,000k paid on 20 April 2015). The Directors do not recommend a final dividend (2015: £nil).

Key performance indicators

	2016	2015	KPI definition
Sales volume growth (%)	21.1%	8.2%	Year on year sales volume growth in tonnage, expressed as a percentage
Revenue (£'000's)	256,356	229,925	Revenue refers to annual revenue net of VAT, sales taxes or duty, expressed in thousands of pounds sterling
Gross profit (£'000's)	5,073	3,451	Gross margin is revenue less cost of goods sold and other on-costs, expressed in thousands of pounds sterling
Net profit /(loss) before tax (£'000's)	30,430	(391)	Annual profit before tax expressed in thousands of pounds sterling
Working Capital (£'000s)	11,324	11,074	Trade and other receivables plus Inventory less Trade and other payables

Revenues increased this year as our executed tonnage rose by 21% but with overall commodity prices down by 8%, revenue growth was restricted to about 11% during the year. With improved margin performance particularly in the second half of the year, gross profit was lifted by £1.6m and with careful control on overheads, it is pleasing to report a profit after two years of losses. Working capital is monitored daily and in spite of the volume growth shows only a marginal increase over last year.

Principal risks

Risk management is an integral part of the Company's grain trading activity. The principal risks can be categorised as Financial Risk (such as commodity price risk, credit risk and foreign exchange risk) and Operational Risk (uncertainties in the areas of human resources, technology, regulatory etc.).

In order to minimise Financial Risk, the Company utilises futures and options commodity contracts and also forward currency contracts. The Company also insures itself against credit risk. With regard to Operational Risk, the Company continually monitors the various aspects mentioned previously and ensures that effective management is in place to minimise the impact of these events.

Details of any significant events since the balance sheet date are contained in note 25 to the financial statements.

Strategic report (continued)

Future prospects

For 2017, the Company has an objective to increase traded volumes by 20%. This is quite a challenge and is dependent on a similar harvest outcome for 2017. Early indications are that harvest 2017 will again be lower than 2016 and will therefore make the task more difficult. On the positive side, new alliances have been forged to give better geographic access and we are beginning to see the benefits of these already, combined with an aim to improve results in certain key commodities.

By order of the Board

S P Pujara
Secretary

9 August 2017

Glencore Agriculture UK Limited

Directors' report

The directors present the financial statements and auditor's report, for the year ended 31 December 2016 on pages 7 to 32.

Capital structure

Details of issued share capital are given in Note 19.

Directors

The directors, who served throughout the year and to the date of signing, were as follows:

C J Mahoney
E C B Mostert
J D Maw

Supplier payment policy

The Company's policy is to agree terms of payment with suppliers when agreeing the basis of each transaction, ensure that suppliers are made aware of the terms of payment and abide by these terms. Trade creditors of the Group at 31 December 2016 were equivalent to 11 days' purchases (2015: 14 days), based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the year the Group made charitable donations of £1,892 (2015: £2,900), principally to local charities serving the communities in which the Glencore Agriculture UK Limited operates.

Substantial shareholdings

The Company is a wholly-owned subsidiary of Belfurt Limited (previously Plavax Limited), a subsidiary of Glencore Agriculture Ltd (Jersey), a joint venture of which further details are shown at Note 24.

The shareholding of the Company at 31 December 2016 was as below:

Shares	Name of holder	Number	Percentage held
Ordinary shares of £0.01	Plavax Limited (now Belfurt Limited)	99,300,000	100
Deferred shares of £1.00	Plavax Limited (now Belfurt Limited)	300,000	100

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' report (continued)

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has more than adequate resources to continue in operational existence for the foreseeable future. The Company meets its day to day working capital requirements through an overdraft facility that is renewed annually. As at the date of preparation of this Report and Financial Statements, the renewal process was in progress and the Company has every expectation that renewal will be forthcoming on acceptable terms. Although the current economic conditions create uncertainty, particularly over the availability of bank finance in the foreseeable future, the Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company will be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post Balance Sheet events

Refer to Note 25

Indication of future events

Refer to Strategic Report

Proposed dividends

Refer to Strategic Report

Use of financial instruments

Refer to Strategic Report

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 485(1) of the Companies Act 2006.

By order of the Board

S P Pujara
Secretary

9 August 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time its financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Glencore Agriculture UK Limited

We have audited the financial statements of Glencore Agriculture UK Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Glencore Agriculture UK Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christopher Jones FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

9 August 2017

Statement of comprehensive income
Year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	4	256,356	229,925
Cost of sales		(251,283)	(226,474)
Gross profit		5,073	3,451
Administrative expenses	5, 6	(3,994)	(3,763)
Operating profit /(loss)		1,079	(312)
Investment revenues	4, 7	29,458	108
Finance costs	8	(107)	(187)
Profit/(loss) before tax		30,430	(391)
Tax (charge)/credit	9	(220)	72
Profit/(loss) for the financial year	5	30,210	(319)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension liability		645	553
Tax charge arising on remeasurement		(127)	(120)
Other comprehensive income for the period net of tax		518	433
Total comprehensive income for the financial year		30,728	114

Profit for the year is generated entirely from continuing operations.

Glencore Agriculture UK Limited

Statement of changes in equity
Year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2014	1,293	14,456	15,749
Loss for the year	-	(319)	(319)
Actuarial gains through other comprehensive income	-	433	433
Dividend	-	(5,000)	(5,000)
Balance at 31 December 2015	1,293	9,570	10,863
Profit for the year	-	30,210	30,210
Actuarial gains through other comprehensive income	-	518	518
Dividend	-	(30,394)	(30,394)
Balance at 31 December 2016	1,293	9,904	11,197

Glencore Agriculture UK Limited
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Statement of financial position as at 31 December 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	11	315	367
Investments	12	-	990
Deferred tax asset	17	362	480
Derivative financial instruments	16	87	-
		764	1,837
Current assets			
Inventories	13	27,503	20,975
Trade and other receivables	14	17,900	14,384
Derivative financial instruments	16	4,668	5,354
Cash and bank balances		6	2
Current tax receivable		34	263
		50,111	40,978
Total assets		50,875	42,815
Current liabilities			
Trade and other payables	18	(34,079)	(24,285)
Bank overdrafts and loans	15	(1,355)	(1,699)
Derivative financial instruments	16	(2,648)	(3,790)
		(38,082)	(29,774)
Net current assets		12,029	11,204
Non-current liabilities			
Retirement benefit liability	22	(1,543)	(2,178)
Derivative financial instruments	16	(53)	-
Total liabilities		(39,678)	(31,952)
Net assets		11,197	10,863
Equity			
Share capital	19	1,293	1,293
Retained earnings		9,904	9,570
Total equity		11,197	10,863

The financial statements were approved by the Board of Directors and authorised for issue on 9 August 2017.

They were signed on its behalf by:

J D Maw
Director

Cash flow statement
Year ended 31 December 2016

	2016 £'000	2015 £'000
Operating activities		
Operating profit/(loss)	1,079	(312)
Depreciation of property, plant and equipment	108	98
Operating cash flows before movements in working capital	1,187	(214)
(Increase)/Decrease in stock	(6,528)	8,638
(Increase)/Decrease in receivables	(2,917)	20,474
Increase/(Decrease) in payables	8,715	(24,008)
Cash generated by operations	457	4,890
Interest paid	(107)	(187)
Income taxes paid	-	-
Net cash from/(used in) operating activities	350	4,703
Investing activities		
Interest received	-	108
Sale of investment	1,038	-
Dividend received	29,410	-
Purchases of property, plant and equipment	(56)	(49)
Net cash from/(used in) investing activities	30,392	59
Financing activities		
Dividend paid	(30,394)	(5,000)
Net cash from/(used in) financing activities	(30,394)	(5,000)
Net increase/(decrease) in cash and cash equivalents	348	(238)
Cash and cash equivalents at the beginning of year	(1,697)	(1,459)
Cash and cash equivalents at the end of year	(1,349)	(1,697)

Cash and cash equivalents represent the net of cash of £6,000 (2015: £2,000) and bank overdraft of £1,355,000 (2015: Bank overdraft £1,699,000).

1. **General information**

Glencore Agriculture UK Limited is a Company registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

The company is a private company limited by shares.

2. **Accounting policies**

The principal accounting policies adopted in the presentation of these financial statements are set out below:

Basis of preparation

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") effective as of 31 December 2014

The financial statements of the Company are prepared under the historical cost convention except as described within the summary of significant accounting policies as set out below. These policies have been consistently applied in the current and preceding year.

The preparation of financial information in conformity with IFRS as adopted by the EU, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies.

The Company is exempt from the requirement to prepare consolidated financial statements by virtue of the exemption under the Companies Act s400, since it is included in the group accounts of Glencore Plc. The group accounts of Glencore Plc are available for public use.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*
IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21 *Levies*

Amendments to IAS 32 *Offsetting financial assets and financial liabilities.*

New and Revised Standards issued but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
IAS 16 and IAS 38 (amendments)	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 16 and IAS 41 (amendments)	*Agriculture: Bearer Plants*

2. Accounting policies (continued)

IAS 19 (amendments)	*Defined Benefit Plans: Employee Contributions*
IAS 27 (amendments)	*Equity Method in Separate Financial Statements*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Annual Improvements to IFRSs: 2010-2012	Amendments to : IFRS2: *Share-based Payments*, IFRS 3 *Business Combinations*, IFRS 8 *Operating Segments*, IFRS 13 *Fair Value Measurement*, IAS 16 *Property, Plant and Equipment*, IAS 24 *Related Party Disclosures and* IAS 38 Intangible Assets.
Annual Improvements to IFRSs: 2011-2013	Amendments to: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations*, IFRS 13 *Fair Value Measurement and* IAS 40 *Investment Property*.
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures .Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has more than adequate resources to continue in operational existence for the foreseeable future. The Company meets its day to day working capital requirements through an overdraft facility that is renewed annually. As at the date of preparation of this Report and Financial Statements, the renewal process was in progress and the Company has every expectation that renewal will be forthcoming on acceptable terms. Although the current economic conditions create uncertainty, particularly over the availability of bank finance in the foreseeable future, the Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company will be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or

2. **Accounting policies (continued)**

receivable for the sale of grain, excluding value added tax. Revenue is attributable to the Company's principal activity and is recognised on delivery, when title passes and the risks and rewards of ownership are transferred.

Leasing

Leases are classified into finance or operating leases and treated accordingly:

(a) Finance leases

A lease is classified as a finance lease where the Company obtains substantially all the risks and rewards of ownership of the related asset. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other long-term borrowings. The interest element of the finance cost is charged to profit or loss over the lease period.

(b) Operating leases

A lease is classified as an operating lease where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases, net of lease incentives or premiums, are charged in profit or loss on a straight-line basis over the period of the lease.

Foreign currencies

(a) Functional and presentation currency

The Company's financial statements are presented in pounds Sterling, which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

2. **Accounting policies (continued)**

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

– current service cost, past-service cost and gains and losses on curtailments and settlements;

– net-interest expense or income; and

– remeasurement.

The Company presents the first two components of defined benefit costs within cost of sales and administrative expenses in its consolidated income statement. Curtailments gains and losses are accounted for as past-service cost.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Company's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. **Accounting policies (continued)**

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and accumulated impairment losses.

Office equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets less estimated residual value, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	10% per annum
Office, equipment, fixtures and fittings	20-33% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Inventories

Inventories consist of grain, pulses, soya meal and rapeseed. The accounting for grain types sold under contracts that meet the definition of derivatives under IAS 39 are held at fair value. Fair values are determined using the prevailing market spot prices at the reporting date. Cost includes, where incurred, freight, import duties and cost of discharge where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the accounts (continued)
Year ended 31 December 2016

2. Accounting policies (continued)

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Company uses derivative financial instruments to hedge exposures to financial risks, such as foreign exchange and commodity price risks arising in the normal course of business. All derivative instruments are classified as held for trading and measured at fair value upon initial recognition and re-measured to fair value at each subsequent reporting date. Movements in the fair value of derivatives instruments are recognised within profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 *Revenue* and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Retirement benefit scheme valuation

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme relies on actuarial valuations of plan assets and the present value of the defined benefit obligation. Scheme valuations are carried out by an external actuary on a triennial basis, with the most recent actuarial valuation carried out as at 31 December 2012 (see note 22).

Fair value estimates

As explained in note 16, the fair values of open commodity trading contracts are determined using quoted market values adjusted for specific contract characteristics. Management will apply the market price which in their estimation most accurately reflects the characteristics of the underlying contract, taking into account geographic location of collection or delivery, quality of grain, and other factors.

This also applies to the fair valuation of certain commodities held in stock at year end.

Notes to the accounts (continued)
Year ended 31 December 2016

4. Revenue

Continuing operations	2016 £'000	2015 £'000
Revenue	256,356	229,925
Investment income	29,458	108
	285,814	230,033

5. Profit/(Loss) for the year

Profit/(Loss) for the year has been arrived at after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment – owned	108	98
Fair value profit on derivative financial instruments	490	519
Fair value increase /(decrease) in stock	4,250	(3,192)
Rentals under operating leases		
- plant and machinery	16	13
- other operating leases	48	48
Auditor's remuneration		
- for the auditing of the financial statements	59	58
- taxation compliance services	10	10
Staff costs (see note 6)	2,852	2,664

6. Directors' and staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Trading activities	12	13
Administrative activities	21	18
	33	31

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	1,857	1,872
Social security costs	223	207
Other pension costs (see note 22)	772	585
	2,852	2,664

Notes to the accounts (continued)
Year ended 31 December 2016

6. Directors' and staff costs (continued)

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2016 £'000	2015 £'000
Short-term employee benefits	192	333
Post-employment benefits – defined benefit scheme	12	20
Post-employment benefits – money purchase scheme	149	-
	353	353

The above table reflects the remuneration of the highest paid director, as other directors receive no remuneration for their services as directors of Glencore Agriculture UK Ltd.

7. Investment revenues

	2016 £'000	2015 £'000
Interest receivable from Group Companies	-	101
Dividend Income	29,410	7
Gain on sale of investment	48	-
	29,458	108

8. Finance costs

	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	18	17
Foreign exchange gains/losses	6	4
Interest payable to Group companies	83	166
	107	187

Notes to the accounts (continued)
Year ended 31 December 2016

9. Tax

	2016 £'000	2015 £'000
Current tax (credit)	222	(63)
Deferred tax (note 17)	(9)	1
Corporation tax adjustment in respect of prior years	7	(10)
	220	(72)

Corporation tax is calculated at 20% (2015: 20%) of the estimated assessable profit for the year.

In addition to the above movements, there is a deferred tax credit of £127k (2015: £120k credit) relating to retirement benefits taken to other comprehensive income in the year. Additionally the effect of change in UK corporation tax rate on deferred tax relating to retirement benefits has resulted in a deferred tax charge for the year ended 31 December 2016 of £nil (2015: £nil), which has also been reflected in other comprehensive income.

The charge/(credit) for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2016 £'000	2016 %	2015 £'000	2015 %
Profit/(loss) before tax: (see below *)	1,020	-	(391)	-
Tax at the UK corporation tax rate of 20% (2015: 20%)	204	20.0%	(78)	20.0%
Tax effect of items that are not deductible in determining taxable profit/(loss)	9	0.9%	16	(4.1)%
Effect of change in UK corporation tax rate	-		-	
Corporation tax adjustment in respect of prior years	7	0.7%	(10)	2.5%
Tax charge/(credit) and effective tax rate for the year	220	21.6%	(72)	18.4%

* The profit before tax shown above for 2016 excludes the one-off dividend received from Glencore Grain Finance Holdings Bermuda (Note 7) which would otherwise distort the analysis provided

10. Dividends

A dividend of £30,394k (equivalent to 30.516064257 pence, 2015: 5.03524673 pence/per share) was declared and paid on 30 June 2016. This was broadly the amount received as a dividend from a subsidiary, Glencore Grain Finance Holdings Bermuda Ltd.

11. Property, plant and equipment

	Plant and machinery £'000	Office equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2015	310	870	1,180
Additions	-	49	49
At 31 December 2015	310	919	1,229
Additions	-	56	56
Disposals	-	(224)	(224)
At 31 December 2016	310	751	1,061
Depreciation			
At 1 January 2015	109	655	764
Charge for the year	31	67	98
Eliminated on disposals	-	-	-
At 31 December 2015	140	722	862
Charge for the year	31	77	108
Eliminated on disposals	-	(224)	(224)
At 31 December 2016	171	575	746
Carrying amount			
At 31 December 2015	170	197	367
At 31 December 2016	139	176	315

12. Investments

Company	2016 £	2015 £
Ceres UK Limited	-	-
Grainman Limited	2	2
Glencore Grain Finance Bermuda Limited	-	64
Glencore Grain Finance Holdings Bermuda Limited	-	990,100
At 31 December	2	990,166

Details of the Company's subsidiaries are as follows:

Name	Place of incorporation ownership (or registration) and operation	Proportion of voting interest and power held %	Principal Activity
Grainman Limited	UK	100	Web-based trading

The above is a dormant company. Its registered address is Warren House, Bell Lane, Thame, Oxon OX9 3AL.

Name	Place of incorporation ownership (or registration) and operation	Proportion of voting interest and power held %	Principal Activity
Glencore Grain Finance Bermuda Limited	Bermuda	100	Financing company
Glencore Grain Finance Holdings Bermuda Limited	Bermuda	100	Holding company

The above two companies were set up as part of a wider group restructuring. In 2012, Glencore Agriculture UK Limited subscribed for 100, USD 1.00 ordinary shares in Glencore Grain Finance Bermuda Limited and 990,100, GBP 1.00 ordinary shares in Glencore Grain Finance Holdings Bermuda Limited. All subsidiaries are accounted for under the costs accounting method. On 30 June 2016, the two Bermuda Companies were sold at cost to Glencore International Investments Limited, a Glencore Group Company.

13. Inventory

	2016 £'000	2015 £'000
Stock contractually sold or hedged	27,503	20,975

There is no material difference between the balance sheet value of stocks and their replacement cost.

	2016 £'000	2015 £'000
The carrying amount of inventories held at fair value less costs to sell	27,503	20,975
Inventory valued at lower of cost or net realisable value	-	-
	27,503	20,975

Inventory (credited)/charged to cost of sales in the year totalled £(6,528)k (2015: £8,638k).

Notes to the accounts (continued)
Year ended 31 December 2016

14. Trade and other receivables

	2016 £'000	2015 £'000
Amount receivable for the sale of goods	16,330	13,268
Prepayments	1,570	1,045
Amount due from Group Company	-	71
	17,900	14,384

The average credit period taken on sales of goods is 25 days (2015: 25 days). The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit risk

The Company's principal financial assets are trade and other receivables and derivative financial assets.

The Company's credit risk is primarily attributable to its trade receivables. The Company has an insurance policy, hence the amounts presented in the balance sheet are not net of allowances for doubtful receivables. There have been no recent defaults. Overdue amounts over 31 days represent 0% of the total amounts receivable and are all recoverable.

The credit risk on liquid funds and derivative financial instruments is mitigated through the use of banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company has entered into guarantee arrangements as detailed in note 20.

15. Bank overdrafts

	2016 £'000	2015 £'000
Bank overdraft	1,355	1,699

The full amount of bank overdraft is repayable on demand. All such borrowings are in GBP.

	2016 %	2015 %
The weighted average interest rates paid were as follows:		
Bank overdrafts	1.40	1.50

The directors estimate that the carrying amounts of bank overdrafts are approximate to their fair value.

16. Derivative financial instruments

Derivative financial instruments that are currently used by the Company include forward foreign exchange contracts, commodity futures, and commodity trading contracts. The fair value of derivative financial instruments at the balance sheet date is as follows:

	2016 £'000	2015 £'000
Current assets		
Commodity trading contracts	3,473	3,223
Commodity futures	-	1,009
Forward foreign exchange contracts	1,282	1,122
	4,755	5,354
Current liabilities		
Commodity trading contracts	2,211	2,297
Commodity futures	-	-
Forward foreign exchange contracts	490	1,493
	2,701	3,790

Commodity price risk

The Company manages its Commodity price risk by economically hedging a portion of its position on the LIFFE and MATIF futures markets (note that the Company does not apply hedge accounting principles in respect of its economic hedges). Quoted market values, adjusted for specific contract characteristics (e.g. delivery date and contractual quality differentials) have been used to determine the fair value of commodity trading contracts and commodity futures at the balance sheet date. The total amount recognised within the profit or loss in relation to changes in the fair value of the commodity trading contracts was a profit of £336k (2015: loss of £49k). The total amount recognised within profit or loss in relation to changes in the fair value of the commodity futures was a loss of £1,009k (2015: profit of £1,181k). A 10% reduction in prices would have had the effect of reducing the profit on commodity trading contracts by £700k (2015: reducing the profit by £216k) and increasing the profit on commodity futures by £2,945k (2015: increasing the profit by £1,486k).

Foreign exchange risk

The Company manages its currency risk by hedging its pound Sterling position, net of foreign currency contracts.

Quoted market values have been used to determine the fair value of forward foreign exchange contracts at the balance sheet date, prices adjusted to account for the time value of money and counterparty credit considerations, as required. The total amount recognised within profit or loss in relation to the changes in the fair value of exchange contracts was a profit of £1,163k (2015: loss of £613k). A 10% reduction in foreign exchange rates would have had the effect of increasing the profit by £2,665k (2015: increasing the profit by £2,789k).

Liquidity risk

Through the use of borrowings, finance leases and short-term borrowings from related parties, the Company manages its liquidity to ensure that sufficient cash is available to meet all contractual commitments as they fall due and also to ensure that there is sufficient funding to withstand stressed market conditions or an extreme event.

16. Derivative financial instruments (continued)

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Company consists of short-term loans and equity comprising share capital and reserves. The Company has no current plans for debt financing. The Company is not subject to externally imposed capital requirements.

Credit risk management

Please refer to note 14.

The table below analyses the Company's financial assets which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	4,668	87	-	-
Trade and other receivables	17,900	-	-	-

At 31 December 2015	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	5,347	7	-	-
Trade and other receivables	14,384	-	-	-

The table below analyses the Company's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	2,648	53	-	-
Trade and other payables	34,079	-	-	-
Borrowings	1,355	-	-	-

At 31 December 2015	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	3,752	38	-	-
Trade and other payables	24,285	-	-	-
Borrowings	1,699	-	-	-

Notes to the accounts (continued)
Year ended 31 December 2016

16. Derivative financial instruments (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	1,282	3,473	-	4,755
Total	**1,282**	**3,473**	**-**	**4,755**
Financial liabilities at FVTPL				
Derivative financial liabilities	490	2,211	-	2,701
Total	**490**	**2,211**	**-**	**2,701**

Level 2: For commodity contract pricing, quoted prices are adjusted for haulage cost to destination.

17. Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting period.

	Total £'000
At 1 January 2015	601
(Debit) to profit or loss	(1)
Movement to other comprehensive income (retirement benefits)	(120)
At 1 January 2016	480
Credit to profit or loss	9
Movement to other comprehensive income (retirement benefits)	(127)
As 31 December 2016	362

The deferred tax assets consist mainly of temporary differences arising on the deferred pension benefit obligation (2016:£309k, 2015:£436k), together with the weight loss provisions on inventory (2016:£38k, 2015:£33k) and fixed asset timing differences (2016: £15k, 2015:£11k).

Notes to the accounts (continued)
Year ended 31 December 2016

18. Trade and other payables

	2016 £'000	2015 £'000
Trade payables (incl. trade accruals)	15,226	15,349
Amounts payable to Group companies	17,406	8,373
Accrued expenses	1,447	563
	34,079	24,285

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 11 days (2015: 14 days).

The directors consider that the carrying amounts of trade payables are approximate to their fair value. Interest is payable on the amount due to Glencore Grain BV at Libor + 1%.

19. Share capital

	2016 £'000	2015 £'000
Authorised:		
Equity – 99,300,000 ordinary shares of 1p each	993	993
Non-equity - 300,000 deferred shares of £1 each	300	300
Issued and fully paid:		
Equity – 99,300,000 ordinary shares of 1p each	993	993
Non-equity - 300,000 deferred shares of £1 each	300	300

Rights attaching to deferred shares:

i) Dividend rights

The right to receive by way of dividend in respect of any year or other financial period of the Company in which the profits of the Company exceed £150,000,000, after payment in full of dividends on all other classes of shares of the Company, a dividend at the rate of one half the rate of dividend paid on the ordinary shares of the Company in respect of such period.

ii) Voting rights

No right to receive notice of or to attend or vote at any general meeting of the Company except only in respect of a resolution varying the rights of such deferred shares.

iii) Rights on winding up

No right to receive any payment out of the surplus assets of the Company remaining after paying its liabilities other than the amount paid up on these shares.

iv) Redemption rights

There are no redemption rights held on these shares.

20. Contingent liabilities

Guarantees	2016 £'000	2015 £'000
Guarantees in favour of the Rural Payments Agency	-	250
Broker Guarantees	-	-
Bank Guarantee placed with the Pension Protection Fund	3,000	3,000

Guarantees are lodged with the Rural Payments Agency in order to ensure that certain EU obligations are complied with. Guarantees are required for applications for imports and exports licences, advance payment, intervention and set-aside schemes. Guarantees remain in place until the trader provides proof that the obligations have been met. Guarantees may be forfeited if any obligations are not met, including those related to time limits. In the event of a valid forfeit, the Company is given 30 days to settle before the guarantor is required to pay.

Broker guarantees are no longer required as the Company has a broking arrangement via a fellow group subsidiary company.

21. Operating lease arrangements

The Group as lessee

	2016 £'000	2015 £'000
Minimum lease payments under operating leases recognised as an expense in the year	64	61

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	61	61
In the second to fifth years inclusive	201	210
After five years	8	56
	270	327

Operating lease payments represent rentals payable by the Group for its office property and car contract hire. The lease on the office property has been re-negotiated and extended for a term of ten years; rentals are fixed for five years.

22. Retirement benefit schemes

Defined benefit schemes

The Group operates a defined benefit scheme for qualifying employees of Glencore Agriculture UK Limited. Under the scheme, the employees are entitled to a retirement pension of 1/60th of final salary for each year of pensionable service on retirement at age 65. No other post-retirement benefits are provided. The scheme is a funded scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2012 by Mrs Vanessa Smart, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

		Valuation at	
	2016	**2015**	**2014**
	%	**%**	**%**
Key assumptions used:			
Discount rate	2.8%	4.0%	3.7%
Expected return on scheme assets	2.8%	4.0%	3.7%
Expected rate of salary increases	4.5%	4.7%	4.5%
Future LPI (5% capped) pension increases	3.3%	3.1%	2.9%

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2016	**2015**	**2014**
	£'000	**£'000**	**£'000**
Current service cost	477	422	360
Interest on liabilities	735	660	731
Interest on assets	(649)	(568)	(692)
	563	514	399

The actual return on scheme assets was £4,678,000 (2015: £609,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2016	**2015**	**2014**
	£'000	**£'000**	**£'000**
Present value of defined benefit obligations	22,613	18,244	18,008
Fair value of scheme assets	(21,070)	(16,066)	(15,230)
Liability recognised in the balance sheet	1,543	2,178	2,778

22. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 January	(18,244)	(18,008)
Service cost	(477)	(422)
Interest cost	(735)	(660)
Contributions from scheme members	(97)	(100)
Actuarial gains and losses	(3,384)	512
Benefits paid	324	434
At 31 December	(22,613)	(18,244)

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At 1 January	16,066	15,230
Expected return on scheme assets – Interest on assets	649	568
Actuarial gains and losses	4,029	41
Contributions from the sponsoring companies	553	561
Contributions from scheme members	97	100
Benefits paid	(324)	(434)
At 31 December	21,070	16,066

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Expected return		Fair value of assets	
	2016 %	2015 %	2016 £'000	2015 £'000
Equity instruments	3.8%	5.2%	15,527	10,604
Other assets	1.0%	1.6%	5,543	5,462
	3.0%	4.0%	21,070	16,066

The expected return on assets assumption is a weighted average return of 1.0% for the other assets held and 3.8% for the long-term equity return.

22. Retirement benefit schemes (continued)

The five-year history of experience adjustments is as follows:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(22,613)	(18,244)	(18,008)	(15,903)	(16,190)
Fair value of scheme assets	21,070	16,066	15,230	14,786	10,817
Deficit in the scheme	(1,543)	(2,178)	(2,778)	(1,117)	(5,373)
Experience adjustments on scheme liabilities					
Amount (£)	(3,384)	512	(1042)	1,389	(2,205)
Percentage of scheme liabilities (%)	14.9%	2.8%	5.8%	8.7%	13.6%
Experience adjustments on scheme assets					
Amount (£)	4,029	41	(767)	3,041	1,761
Percentage of scheme assets (%)	19.1%	0.3%	5.0%	20.6%	16.3%

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform bonds in the long term while contributing volatility and risk in the short term. Management believe that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

Notes to the accounts (continued)
Year ended 31 December 2016

23. Related party transactions

Transactions between the Company and its related parties, being other entities within the Glencore Group, are disclosed below.

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Glencore Grain BV	50,878	57,319	16,818	3,279	-	-	17,327	8,370
Glencore Espana SA	10,983	10,411	-	-	-	-	79	3
Glencore Cereales France SAS	607	-	-	-	-	-	-	-
Glencore Ukraine	-	-	-	-	-	-	-	-
GGFHB	-	-	-	-	-	10	-	-
GGFB	-	-	-	-	-	61	-	-
Glencore Italia SARL	656	627	-	-	-	-	-	-
	63,124	68,357	16,818	3,279	-	71	17,406	8,373

Transactions were made on terms equivalent to those that prevail in arm's length transactions. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

24. Ultimate parent Company and controlling party

From 31 August 2016, the Company became a wholly-owned subsidiary of Plavax Limited, a company incorporated in England, itself a subsidiary company of Glencore International AG. Prior to that date, the Company was a wholly-owned subsidiary of Finges Investment B.V. The ultimate parent Company is Glencore Agriculture Ltd, a Company incorporated in Jersey which is a Joint Venture between Glencore International AG, and two Canadian Pension Funds, Canada Pension Plan Investment Board and British Columbia Investment Management Corporation.

Their respective addresses are as below:

Plavax Limited, 50 Berkeley Street, London, W1J 8HD, UK.

Finges Investment B.V., Blaak 31, 3011 GA, Rotterdam, Netherlands

Glencore PLC, Baarermattstrasse 3, 6341 Baar, Switzerland.

25. Events after the balance sheet date

On 12 January 2017, Plavax Limited (parent company of Glencore Agriculture UK Limited) changed its name to Belfurt Limited.

On 21 April 2017, Glencore Agriculture UK Limited acquired the assets and business of Mercury Commodities Limited, a company incorporated in England, specialising in the Animal feeds business. There will be no material negative cash flow impact of the cost of the acquisition and positive trading and operational benefits will become apparent in the second half of 2017.